

## CITY OF DULUTH

DEPARTMENT OF PLANNING & CONSTRUCTION SERVICES  
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# MEMO

**TO:** Planning Commission

**FROM:** Charles Froseth, Land Use Supervisor

**DATE:** November 5, 2013

**RE:** Conformance of Development District for Maurice's / Corporate Tower to Comprehensive Plan (FN 13-0154)

In order to facilitate the development of a new headquarters for Maurice's a modification to Development District District 17 is required in order to create Development District 26. The role of the Planning Commission to make sure the proposed change is consistent with the Comprehensive Plan and UDC. Tax Increment Financing is a financing tool that uses the increment in property tax increase due to site improvements to pay for those improvements.

The new structure, to be located on Superior Street between 4<sup>th</sup> and 5<sup>th</sup> Streets, is to be the new headquarters for Maurice's a clothing retail company and is to occupy 185,000 square feet of space with 15,000 square feet of retail space at the street level and publicly funded parking garage with 450 parking spaces. Skywalks are also included in this project. Attached is an overview of TIF District 26 including budget and maps of the site.

The land use map shows the future land use as Central Business Primary with F-8 zoning. This project implements the following Comprehensive Plan Principle's.

Principle #1 – Reuse previously developed lands – Reuse of previously developed lands, including adaptive reuse of existing building stock and historic resources, directs new investment to sites which have the potential to perform at a higher level than their current state. This strengthens neighborhoods and is preferred to a dispersed development pattern with attendant alteration of natural landscapes and extensions of public services. Site preparation or building modification costs are offset by savings in existing public infrastructure such as streets, utilities, and transit, fire and police services.

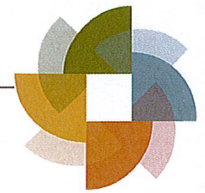
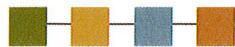
b-1

Principle #3 - Support traditional economic base - Supporting Duluth's traditional economic foundation maintains jobs, tax base, and opportunity. Economic activity with specific location requirements may be subject to displacement or site competition with changes in real estate values. This traditional economic activity faces change as result of global economic patterns, changing markets, new regulation and aging of extensive infrastructure. Nevertheless, fundamentals remain and the economic contribution, sometimes taken for granted, significant.

Principle #8 – Encourage mix of activities, uses and densities – Cities have evolved as a mix of land uses, building types, housing types, and activities. Accommodating choice while protecting investment is a balance to strike in land use regulation. Mixed uses provide opportunity for a diversity of activity that segregated, uniform uses do not provide.

The proposed development conforms to and implements both the Comprehensive Plan and the UDC. Staff recommends the Planning Commission make a finding as such as shown on the attached resolution dated November 12, 2013.





# Tax Increment Financing District Overview

## City of Duluth

### Tax Increment Financing District No. 26

The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for Tax Increment Financing District No. 26. More detailed information on each of these topics can be found in the complete Tax Increment Financing Plan.

|                                 |  |
|---------------------------------|--|
| Proposed action:                | Establishment of Tax Increment Financing District No. 26 (the "District") and the adoption of a Tax Increment Financing Plan (the "TIF Plan").   |
|                                 | Modification to the Development Program for Development District No. 17 includes the establishment of Tax Increment Financing District No. 26, which represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 17.   |
| Type of TIF District:           | A redevelopment district   |
| Parcel Numbers:                 | 010-0920-00540<br>010-0940-01170<br>010-0920-00550   |
| Proposed Development:           | The City of Duluth is working with a major local corporate partner, Maurices, to construct a 185,000 square foot office building and an additional 15,000 square foot of retail space with a publicly owned parking facility. Please see Appendix A of the TIF Plan for a more detailed project description.   |
| Maximum duration:               | The duration of the District will be 25 years from the date of receipt of the first increment (26 years of increment). The date of receipt by the City of the first tax increment is expected to be 2017. It is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after December 31, 2042, or when the TIF Plan is satisfied. |
| Estimated annual tax increment: | Up to \$973,843  |



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LEADERS IN PUBLIC FINANCE

b-3

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|---|--|
| Authorized uses:                            | The TIF Plan contains a budget that authorizes the maximum amount that may be expended:  |
|   | Land/Building Acquisition..... \$1,500,000<br>Site Improvements/Preparation..... \$2,500,000<br>Utilities..... \$250,000<br>Public Parking Facility, Skywalk, and<br>Other Qualifying Improvements ..... \$4,629,509<br>Administrative Costs (up to 10%)..... \$1,735,724<br>PROJECT COSTS TOTAL ..... \$10,615,233<br>Interest..... \$6,992,006<br><b>PROJECT COSTS TOTAL ..... \$17,607,239</b>  |
|   | See the TIF Plan for the full budget authorization.  |
| Form of financing:                          | The project is proposed to be financed by an interfund loan and pay-as-you-go note.  |
| Administrative fee:                         | Up to 10% of annual increment, if costs are justified.   |
| Interfund Loan Requirement:                 | If the City wants to pay for administrative expenditures from a tax increment fund, it is recommended that a resolution authorizing a loan from another fund be passed <i>PRIOR</i> to the issuance of the check.  |
| 4 Year Activity Rule<br>(§ 469.176 Subd. 6) | After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District: <ul style="list-style-type: none"> <li>• Demolition</li> <li>• Rehabilitation</li> <li>• Renovation</li> <li>• Other site preparation (not including utility services such as sewer and water)</li> </ul> If the activity has not been started by approximately November 2017, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity. |

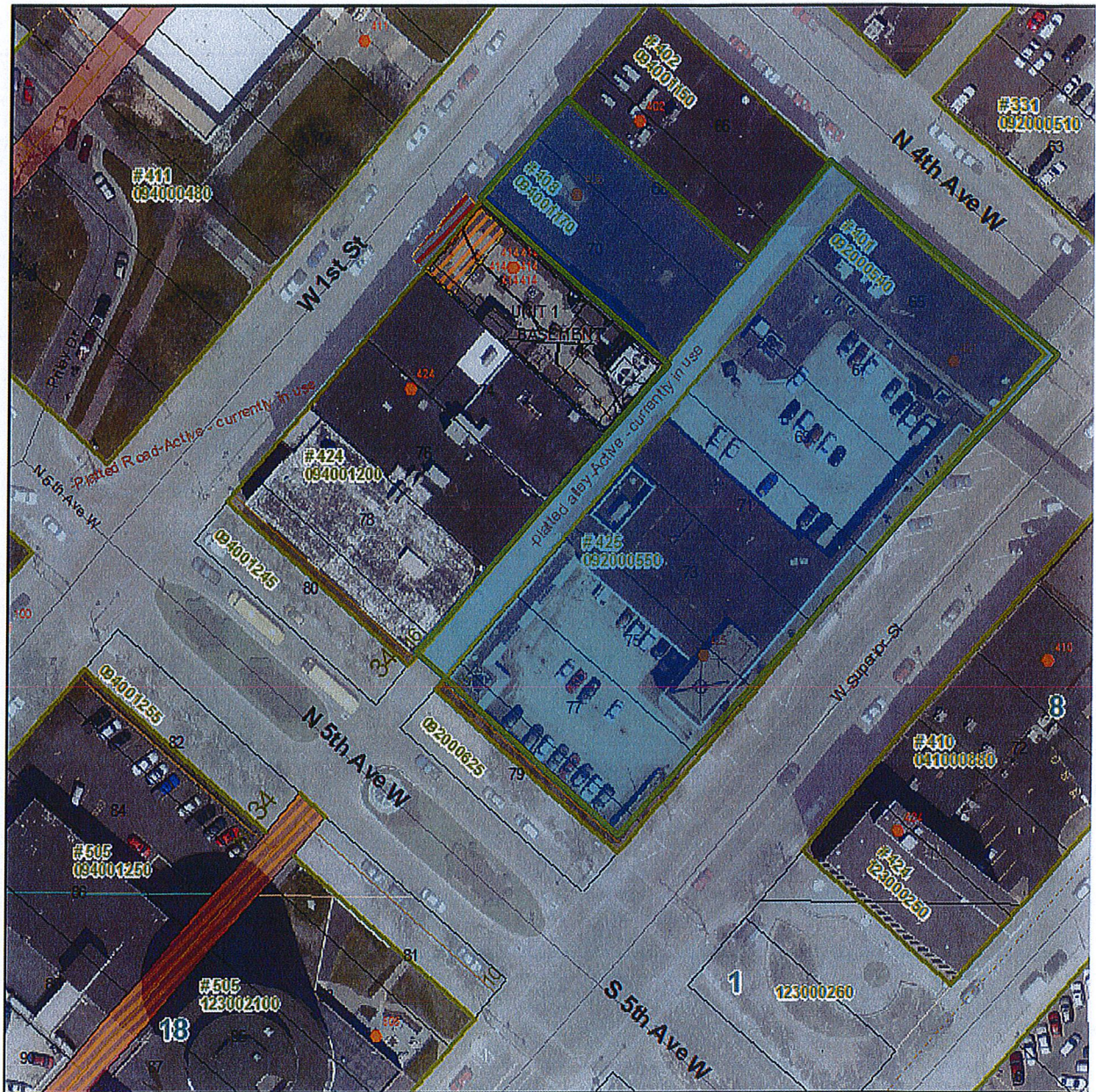
The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to *M.S., Section 469.175, Subd. 3*, are included in Exhibit A of the City resolution.



b-4



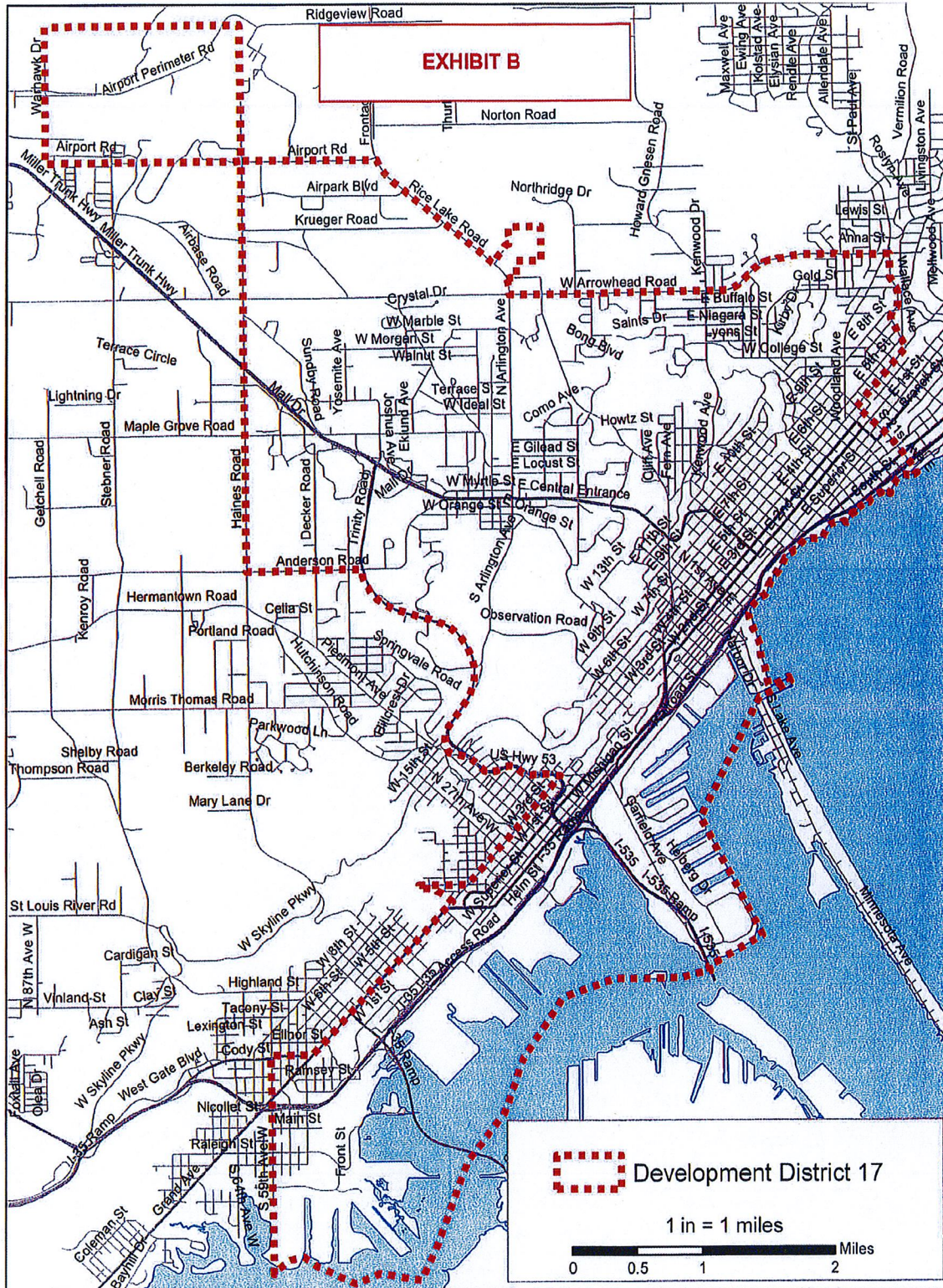
MAP OF TAX INCREMENT FINANCING DISTRICT NO. 26



b-5



# MAP OF DEVELOPMENT DISTRICT NO. 17



b-6



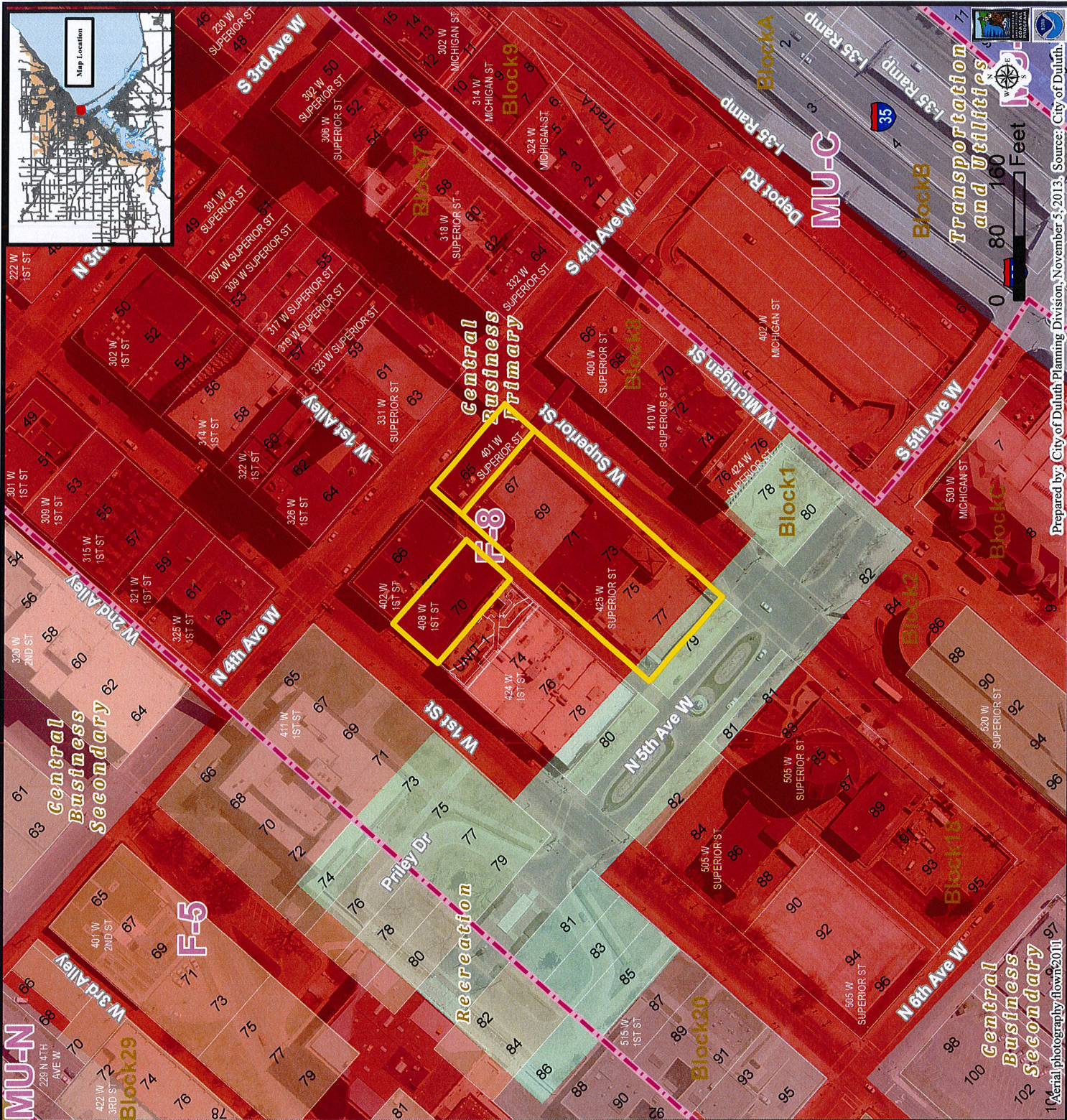


# City Planning

## Legend

- Blocks
- Lots
- Zoning (Final)
- Future Land Use
  - Preservation
  - Recreation
  - Rural Residential
  - Low-density Neighborhood
  - Traditional Neighborhood
  - Urban Residential
  - Neighborhood Commercial
  - Neighborhood Mixed Use
  - General Mixed Use
  - Central Business Secondary
  - Central Business Primary
  - Auto Oriented Commercial
  - Large-scale Commercial
  - Business Park
  - Tourism/Entertainment District
  - Medical District
  - Institutional
  - Commercial Waterfront
  - Industrial Waterfront
  - Light Industrial
  - General Industrial
  - Transportation and Utilities

The City of Duluth has tried to ensure that the information contained in this map or electronic document is accurate. The City of Duluth makes no warranty or guarantee concerning the accuracy or reliability. This drawing/data is neither a legally recorded map nor a survey and is not intended to be used as one. The drawing/data is a compilation of records, information and data located in various City, County and State offices and other sources affecting the area shown and is to be used for reference purposes only. The City of Duluth shall not be liable for errors contained within this data provided or for any damages in connection with the use of this information contained within.



10 Aerial photography from 2011

Prepared by: City of Duluth Planning Division, November 5, 2013. Source: City of Duluth.



**PLANNING COMMISSION  
CITY OF DULUTH, MINNESOTA**

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY OF DULUTH PLANNING COMMISSION FINDING  
THAT A MODIFICATION TO TAX INCREMENT FINANCING DISTRICT 26  
CREATING TAX IMPROVMENT FINANCING DISTRICT 17 CONFORMS TO  
THE GENERAL PLANS FOR THE DEVELOPMENT AND REDEVELOPMENT OF  
THE CITY.**

WHEREAS, the City Council of the City of Duluth, Minnesota has proposed an amendment to TIF 26 to create TIF 17 and has submitted the Program and Plan to the City Planning Commission pursuant to Minnesota Statutes, Section 469.175, Subd. 3, and

WHEREAS, the Planning Commission has reviewed the Program and Plan to determine conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

NOW, THEREFORE, BE IT RESOLVED by the Commission that the Program and Plan conforms to the general plan and the Unified Development Plan for the development and redevelopment of the City.

Dated: November 12, 2013

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Secretary

8-9